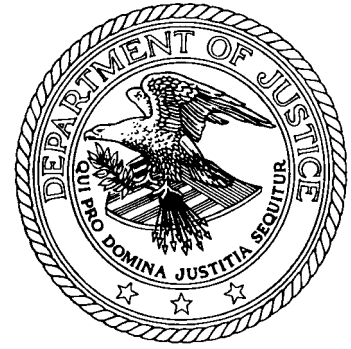


# ***NEWS RELEASE***

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## ***OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA***

***San Diego, California***

***United States Attorney  
Carol C. Lam***

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***For Further Information, Contact: Assistant U.S. Attorney Melanie K. Pierson (619) 557-5685***

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***For Immediate Release***

### **NEWS RELEASE SUMMARY** - October 5, 2004

United States Attorney Carol C. Lam announced that David Palumbo, bodybuilder and editor-in-chief of *Rx Muscle* magazine, entered a plea of guilty today in Federal Court in San Diego before United States District Court Judge Thomas J. Whelan to the charge of conspiring to unlawfully distribute human growth hormone.

In connection with his guilty plea, Palumbo admitted that he obtained counterfeit Serostim from Bill Young in San Diego, which he would then sell to bodybuilders who did not possess a lawful prescription. Palumbo acknowledged in his plea that between July 1, 2002 and August 13, 2002, he received in New York two shipments of 50 boxes each of counterfeit Serostim (a form of human growth hormone) from Young in San Diego. A third shipment of 100 boxes of the counterfeit Serostim sent by Young to the defendant was lost in transit and never delivered.

Palumbo further admitted that he sold 90 boxes of counterfeit Serostim between June 2002 and September 2002 for approximately \$63,000 to multiple persons believed by him to be bodybuilders, and who

the defendant knew could not provide a valid prescription from a physician that would allow them to receive legitimate Serostim.

Serostim is a prescription drug containing the active ingredient “somatropin,” a form of human growth hormone. Serostim is approved by the FDA for use in the United States to treat AIDS wasting.

United States Attorney Carol C. Lam stated, “With this plea, the last of an organization that counterfeited and distributed this human growth hormone has been brought to justice.”

Daniel Dzwilewski, Special Agent in Charge, San Diego Division of the FBI explained, "This multifaceted investigation removed a significant criminal element from the community. The illegal distribution of unapproved pharmaceuticals is a felony and those who engage in this type of endeavor will always be held accountable."

In a related case, on October 15, 2002, Ronald Nollet Jr. and Ronald Nollet Sr. pled guilty in federal court to having manufactured and distributed counterfeit drugs. In pleading guilty, the Nollets admitted that on April 25, 2002, they ordered 6,900 vials of medication to be manufactured by a firm in Oregon based on the Nollets’ formula for counterfeit Serostim. The formula that the defendants provided to the Oregon firm with their order did not require any somatropin, the active ingredient in Serostim. The Nollets also acknowledged that on or about June 20, 2002, the order (6133 vials) was shipped to the address in National City where the defendants and others placed counterfeit labels on the vials, falsely indicating that the product was manufactured for and distributed by Serono Laboratories, Randolph, MA, 02368, USA, and that the product contained somatropin. The labels bore the trademarks “Serostim” and “Serono.”

The Nollets further admitted that they intended that consumers purchasing the vials be led to believe that the vials contained the drug Serostim, manufactured by the drug company Serono, and containing the active ingredient found in legitimate Serostim (somatropin). The Nollets also admitted that they had provided vials of the counterfeit Serostim to others, knowing that they intended to distribute them in California, Nevada, New York and Florida.

In another related case, on November 12, 2002, Brian Mohr pled guilty to mail fraud. At the time of his plea, Mohr admitted that he agreed with the Nollets to manufacture and distribute counterfeit Serostim, intending to mislead customers into believing that the Serostim they were selling was the true drug,

manufactured by Serono. Mohr admitted that between June 2002 and August 2002, he sold over 250 boxes of the counterfeit Serostim to Bill Young for approximately \$89,000.

On February 19, 2003, Bill Young pled guilty to Trafficking in Counterfeit Goods, in violation of Title 18, United States Code, Section 2320, in connection with the sale of the counterfeit Serostim. At the time of his plea, Young admitted that on August 1, 2002, he transferred six boxes of counterfeit Serostim to an individual in San Diego in exchange for that person's agreement to pay him \$350 per box. (The retail price for authentic Serostim is approximately \$1500 per box.) Those boxes of counterfeit Serostim bore the trademarks for "Serono" and "Serostim," which were substantially indistinguishable from the trademarks currently registered with the United States Office of Patents and Trademarks. Young admitted that he knew that the Serostim was counterfeit, and that whoever manufactured the counterfeit Serostim did not have permission from the trademark owner, Serono drug company, to use the trademarks "Serono" and "Serostim." Young intended that the persons to whom he sold the counterfeit Serostim would be deceived into believing that the product was authentic. Young acknowledged that he distributed 264 boxes of counterfeit Serostim between June 2002 and September 2002.

The case was investigated by the U.S. Food and Drug Administration Office of Criminal Investigations and the Federal Bureau of Investigation. Investigators were able to recover some but not all of the counterfeit Serostim produced by this ring. The counterfeit Serostim produced by these defendants can be identified by the fact that the hologram on the box is a sticker, rather than printed on the box itself.

Sentencing for Palumbo has been set for December 17, 2004, at 9:00 a.m. before United States District Court Judge Whelan.

## **DEFENDANT**

David Palumbo

## **SUMMARY OF CHARGES**

Conspiracy to Unlawfully Distribute Human Growth Hormone, in violation of Title 18, United States Code, Section 371 - Maximum Penalty: 5 years in custody and/or \$250,000 fine

## **AGENCIES**

Federal Bureau of Investigation

Food and Drug Administration Office of Criminal Investigations